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SUMMARY RECORD OF THE 9th MEETING

Chairman:	Mr. SENGWE	(Zimbabwe)
later:	Mr. ALOM (Vice-Chairman)	(Bangladesh)
later:	Mr. SENGWE (Chairman)	(Zimbabwe)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10 a.m.

AGENDA ITEM 119: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/50/11/Add.2)

1. Mr. HANSON (Canada) said that, although the position shared by his delegation and those of Australia and New Zealand had already been presented, he wished to return to a few points that had been raised during the debate.

2. There could be no question of introducing a principle whereby countries which assumed a greater responsibility in the activities of the United Nations should pay more because even though that principle was applied to the permanent members of the Security Council in matters pertaining to the financing of peacekeeping operations, the situation was quite different when it was a question of activities funded under the regular budget. Indeed, in adopting the budget (which had been done by consensus for many years), no Member State had special privileges because each vote was decisive. It was therefore difficult to see how any Member State's influence or responsibility could be measured in terms of its financial contribution. Applying the principle in question to the regular scale would therefore detract from the principles of fairness and equity.

3. Similar considerations applied to suggestions that the ceiling should be lowered. It had been argued that that would reduce the Organization's dependence on a single Member State, but it was unlikely that a Member State assessed at a higher rate would see its responsibility or influence diminished because its rate of assessment had gone down by 5 per cent. Moreover, as many delegations had pointed out, there was no direct link between the Organization's financial crisis and the scale of assessments. Although many countries were experiencing difficulty in paying their assessments, the greater proportion of the total arrears was owed by one Member State whose rate of assessment would be even higher if there were no ceiling. Even at the current level, the ceiling represented a major departure from the principles of fairness and equity. It gave the Member State in question a benefit that must be paid for by others. The problem would be exacerbated if the ceiling were lowered, but it would disappear if the ceiling were removed.

4. The same criteria of fairness and equity would require that the floor should be substantially reduced, or even eliminated, because it caused a significant number of the least wealthy countries to be assessed at rates greater than their capacity to pay. While it was attentive to the arguments of those who feared that such a change would increase the share of the other developing countries, his delegation supported the recommendation of the Committee on Contributions that the rate should be reduced to 0.001 per cent because very few countries derived a significant benefit from the current floor.

5. As for per capita income, it was a relevant factor only for those countries whose per capita income was lower than the world average and whose rates of assessment had not been artificially raised to the minimum level. In fact, the current formula had resulted in wide differences in the assessment rates of Member States in similar economic circumstances, benefiting mainly a very

limited number of economically powerful but heavily populated developing countries and a few large middle-income countries.

6. There were different remedies to ensure that other developing countries would also benefit from the low per capita income adjustment. One would be to lower or eliminate the floor. There were approximately 20 developing countries with per capita incomes higher than the world average which not only did not receive any relief but also had to assume supplementary costs to compensate for the relief accorded to others, and at the same proportional rate as those countries with the highest assessments (which did not benefit from the ceiling). Moreover, a country whose per capita income increased only slightly to just above the world average would have its assessment sharply increased by 15 or even 20 per cent. The Ad Hoc Intergovernmental Working Group of Experts on the Implementation of the Principle of Capacity to Pay had noted that anomaly, and it had also been discussed by the Committee on Contributions at its latest session.

7. In order to remedy the problem of inconsistency, his delegation had submitted to the High-level Open-ended Working Group on the Financial Situation of the Organization a proposal to amend the low per capita income adjustment formula, which had then been slightly amended in the light of the concerns expressed. The adjustment would still be calculated on the basis of the difference between average world per capita income and national per capita income, but it would be progressive and applied to all countries.

8. The advantages of that change were evident if one compared the resulting simulated scale with the existing scale, after removing the effects of the floor and the scheme of limits. For countries with per capita incomes below the threshold, both scales were progressive and the per cent reduction was virtually the same. However, countries with per capita incomes above the threshold (with the exception of the ceiling country) all paid an equal surtax of about 20 per cent under the existing scale, whereas under the proposed modification, the surtax would range from 6 per cent for the country just above the threshold to 30 per cent for the country with the highest per capita income. Moreover, that would reduce from 90 to 19 the number of countries with a higher ratio of per capita assessment to per capita income than the Member State with the highest rate of assessment. Finally, he stressed that in making such a proposal, his delegation was not attempting to reinterpret the principle of capacity to pay but rather to apply the principle consistently, according to the criteria of fairness and equity.

9. As for the suggestion that the Committee should defer consideration of the scale of assessments until the Working Groups and the Committee on Contributions had had an opportunity to consider the matter further, he pointed out that the Fifth Committee must agree well in advance on its recommendations to the Committee on Contributions if the scale for the period 1998-2000 was to be adopted before the end of 1997.

10. Mr. RAMLAL (Trinidad and Tobago), stated that his delegation associated itself with the statement made by Costa Rica in the name of the Group of 77 and China and, in that connection, he recalled the basic obligation of Member States to pay their contributions in full, on time, and without conditions.

Nevertheless, while he recognized the need to bring assessments more into line with real capacity to pay, he could not agree with some delegations which felt that the financial crisis was due largely to the current scale methodology.

11. The principle of capacity to pay was certainly fundamental, but the meaning of capacity to pay needed to be more clearly defined rather than simply measured on the basis of statistics. Other essential socio-economic data had to be taken into account. In the circumstances, he could not but be concerned by the terms of the Canadian proposal which, in giving priority to the use of per capita income, paralleled the proposal made by the European Union, which, inter alia, stated that only Member States with per capita incomes below the world average should receive relief.

12. In fact, to insist on keeping per capita income as virtually the only factor, was to make an error in judgement that ignored the realities of development, which was not only economic but also had social and environmental dimensions. Per capita income was not the best means of measuring capacity to pay, nor even the best development criterion for a country, as the World Bank had come to recognize.

13. As for the small island developing States, national income statistics gave an extremely distorted picture of the economic reality, especially when that income had a narrow base. The Global Conference on the Sustainable Development of Small Island Developing States had recognized their special situation and the need for the international community to take it into account. After reading out paragraph 10 of the Barbados Programme of Action (1994), he insisted that the economic difficulties and the development imperatives faced by those countries, as well as their relatively high rates of assessment for the Organization's budget, should be taken into account in formulating a new methodology for calculating the scale of assessments.

14. In that connection, his delegation favoured the adoption of a relatively short statistical base period (three years), which would yield a more realistic estimate of capacity to pay. Debt burden relief should be maintained; it was particularly important for a country like Trinidad and Tobago, whose foreign debt had been equal to 50.3 per cent of its gross national product in 1994. Furthermore, data comparability and reliability should be improved. The low per capita income adjustment should be maintained. The floor should be lowered, but there could be no question of lowering the ceiling. With respect to the scheme of limits, the General Assembly had rightly decided that it would be abandoned during the period 1998-2000 in order to eliminate some distortions. Lastly, the new scale should be calculated to the nearest thousandth of a percentage point.

15. His delegation hoped that the Fifth Committee would decide by consensus on the guidelines to be used by the Committee on Contributions to determine the scale of assessments for the period 1998-2000, and that those guidelines would not have the effect of shifting part of the financial burden from the developed countries to the developing countries, or from one group of developing countries to another.

16. Mr. HO Tong Yen (Singapore) said that his delegation supported the position of the Group of 77 and China. The existing scale methodology was by and large

equitable and no radical reform was necessary; nor was the scale of assessments even a remote cause of the Organization's financial crisis. That crisis actually resulted from a lack of political will on the part of one State, which was not paying its contributions, although it was not over-assessed in relation to its capacity to pay. His delegation had already stated its views on proposals which sought a radical restructuring of the scale and believed that it would be better for the Committee to confine itself to a consideration of the remaining technical issues.

17. It was, however, important to guard against attempts to conceal political designs behind a consideration of technical issues. In the proposal that had just been introduced by the Canadian delegation, for example, which was similar to the one submitted by the European Union, it was argued that countries with comparable per capita incomes should have comparable per capita assessments. That proposal abandoned the other elements of the existing methodology and the current definition of capacity to pay. The principle on which the proposal was based was unacceptable, although its financial implications for Singapore were minimal. Of the 50 countries whose assessments would be increased as a result of the application of the per capita income surtax, 19 were developing countries, many of them small countries (the surtax averaged 15 per cent, and in one case was as much as 65 per cent). It was precisely because those countries were small that they had high per capita incomes. He wondered whether it followed that Liechtenstein and Luxembourg had the highest capacity to pay, or that Malta and Seychelles had greater global economic influence than China or the Russian Federation. In the case of small island States, the problem with using per capita income to measure capacity to pay was particularly pronounced. A country like the Comoros, for example, which the General Assembly had decided should be exempted from the application of Article 19 of the Charter, had a per capita income higher than that of one fifth of the States Members of the United Nations, owing to its small population.

18. The Canadian proposal regarding the establishment of a progressive scale of assessments was also puzzling. The purpose of the scale was not to redistribute income, but to ensure that the Organization had enough funds to operate. The purpose of the low per capita income adjustment was to provide some relief to countries with the lowest per capita incomes. The argument put forward by the Canadian delegation was thus irrelevant; the scale was already progressive, and the term "percentage surtax" was misleading. Furthermore, it would be an exaggeration to say that a country's assessment would jump when its per capita income rose above the threshold; that was apparent from an examination of changes in the assessments of such countries as Trinidad and Tobago, Seychelles, Suriname and Slovenia. In fact, the Canadian proposal was supported by countries that sought a comprehensive reform of the scale and, that had been far less forthcoming in supporting the Brazilian proposal, which addressed the same issue without attempting to change the system radically. In any event, national income should continue to be used to measure capacity to pay and relief should be given to countries with low per capita incomes, but per capita income should not become the main determinant of the scale of assessments.

19. With respect to the base period, it would appear that long base periods benefited countries whose economies were improving (developing countries), while short base periods benefited those whose incomes were stagnating, declining, or

rising more slowly than those of other countries (Europe and the other industrialized countries). It was thus not surprising that the European Union favoured a short base period, since the developed countries were undergoing a period of economic restructuring and trying to shift some of their financial burdens onto developing countries without giving up any of their privileges. His delegation supported the recommendation of the Committee on Contributions that the floor should be lowered to 0.001 per cent. Any proposal to lower the ceiling, on the other hand, would be unacceptable, especially in view of the fact that if the scale truly reflected capacity to pay, the United States would be assessed at over 30 per cent. It was not true, furthermore, that lowering the ceiling would reduce the Organization's dependence on one country: regardless of its assessed contribution, the United States would continue to have a veto as a permanent member of the Security Council and would remain the world's sole military and economic super-Power. The Organization's dependence on the United States and on the other permanent members of the Council was, and would remain, a fact. But privilege should at least be paid for.

20. The importance of Member States honouring their financial obligations could not be overstated. Accordingly, it was to be hoped that the decision of Trinidad and Tobago to repay all its arrears would be an inspiration to other countries. The decision by the United States Congress to pay $313.5 million to the regular budget and $282.4 million for peacekeeping was also welcome. Those amounts, however, represented less than half of what the United States owed in unpaid contributions. It was essential that the United States should pay all of its outstanding contributions unconditionally; otherwise no change in the scale of assessments could improve the financial situation of the Organization.

21. Mrs. OSODE (Liberia) said that her delegation shared the views expressed by the representative of Costa Rica on behalf of the Group of 77 and China. She recommended that the Committee on Contributions should continue to comply with the guidelines given to it by the General Assembly and should be careful not to favour any Member State when drawing up the new scale of assessments.

22. Liberia, which had encountered hardship as a result of increases in its assessed contribution, was strongly in favour of the reduction, if not the elimination, of the floor, which contradicted the principle of capacity to pay, although admittedly some developing countries, including Liberia, had been given relief by means of the low per capita income adjustment. It was to be hoped that the General Assembly would decide at its current session to lower the floor to 0.001 per cent.

23. National income was not in itself sufficient to determine capacity to pay; other factors, such as political, economic and humanitarian considerations, should also be taken into account. For that to be feasible, the availability, reliability and comparability of statistical data would have to be improved. It should be noted, in that connection, that for the past seven years Liberia had not been in a position to provide such data directly because of the civil war.

24. Lastly, the statistical base period should be shortened, as that would be advantageous for countries such as Liberia, which had seen their national income decline progressively. However, the situation in Liberia seemed to be improving, and there were grounds for hope that it would be able once again to

fulfil its obligations under Article 17 of the Charter once free and fair elections had been held. In that connection, she expressed her delegation's appreciation to the Committee on Contributions for its recommendation that Article 19 should not apply to Liberia.

25. Ms. ZONICLE (Bahamas) said that her delegation associated itself with the views expressed on behalf of the Group of 77 and China on agenda item 119, especially with respect to the cause of the Organization's financial difficulties, exchange rates, and the phasing out of the scheme of limits.

26. Referring to the principles and adjustment mechanisms on which the scale methodology was based, she noted that the lack of transparency characterizing the procedures involved had been aggravated by the fact that over the years the Committee on Contributions seemed increasingly to have used the terms "mitigation" and "adjustment" interchangeably.

27. Her delegation reaffirmed its strong support for the principle of capacity to pay. The Committee had rightly recognized that the application of the floor assessment rate of 0.01 per cent had sometimes resulted in a departure from that principle. However, it was important to bear in mind that, under Articles 4 and 17 of the Charter, the expenses of the Organization were the collective financial responsibility of all the Member States. The inference was that each Member State should pay at least a percentage which did not render that responsibility meaningless, and at most a rate which did not encourage undue influence. It was from that perspective that the floor and ceiling limits should be determined, and not by unilateral or purely self-interested rationalizations. Nor should it be forgotten that the Organization, as a factor for international stability, provided its Member States with a level of national security which for some of them would be unattainable by purely national efforts.

28. The question must also be asked of whether application of the principle of capacity to pay would not ultimately become limited, de facto, to administrative costs, with substantive programmes needing to be funded through voluntary contributions. Such questions must be answered if it was hoped to address the crisis of confidence, evidenced by the magnitude of outstanding contributions and the individualistic interpretations of capacity to pay offered by many delegations.

29. The proposal by the Committee on Contributions to use gross national product rather than net national income amounted to a retreat. The Bahamas proposed, based on the United Nations National Accounts Questionnaire, a priority project for the collection of statistical data in all Member States. Some countries had already called for technical assistance in that regard. Because capacity to pay was relative, reliable, timely, comprehensive and comparable statistical information was indispensable. The technical skills and human resources existed or could be created in every country. She suggested beginning with a pilot project, based on the GNP Committee of the European Union, whereby national chiefs of national accounts systems could meet periodically with their United Nations counterparts. The project would be evaluated at the end of an agreed period. Should it prove too difficult to establish such a dialogue with all Member States, it should be begun with

countries whose statistical problems were representative of categories of States. In view of the advantages of such a project both for the Organization and for Member States, its funding should be seen not as a burden but as an investment.

30. One component of the proposed project would comprise formulation of a composite index of social, economic and environmental statistics. On the basis of those statistics, a vulnerability index, long sought by a number of countries, in particular small island developing States such as the Bahamas, could be developed. Such an approach could more objectively address capacity to pay and take account of wealth as well as income for the purposes of adjustment and mitigation procedures.

31. Her delegation had taken note of the observations of the Committee on Contributions on conversion rates (A/50/11/Add.2, para. 36). A study on the practical application of purchasing power parity was under way in the Bahamas, with the results envisaged for the end of 1996.

32. Existing adjustment mechanisms did not take account of the particular difficulties of countries such as the Bahamas and other countries in the subregion, whose per capita income was high but which, unlike developed countries, did not have the capacity to tax and retain the income generated from foreign ownership. Moreover, small island developing States faced considerable infrastructure challenges owing to a lack of economies of scale, the impact of natural disasters, and, in the case of the archipelagic Bahamas, the need for duplication of infrastructure on every island.

33. In conclusion, she called for a more pro-active approach to improving the scale of assessments in the spirit of the Charter, building on the vision which had inspired the Organization over the past 50 years, and for avoidance of an overly politicized scale which would penalize high per capita income developing countries, such as the Bahamas.

34. Mr. MWAKAWAGO (United Republic of Tanzania) said that his delegation fully endorsed the statement by Costa Rica on behalf of the Group of 77 and China; like them, it did not accept linkage of reform of the scale methodology to the financial crisis and reform of the Organization. Neither did his delegation support the clean slate approach to the methodology. He emphasized that the cause of the financial crisis was the non-payment of contributions calculated in accordance with scales adopted by consensus.

35. Recalling that the General Assembly had never given a definitive definition of capacity to pay and that the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay had formulated some very interesting comments on the matter, his delegation endorsed the observation of the Committee on Contributions that comparative estimates of national income appeared to be the fairest guide, subject to certain adjustments. On the question of income measures, his delegation welcomed the emerging general agreement that gross national product should replace net national income, as recommended by the Working Group, subject to the review envisaged in paragraph 30 of the report of the Committee on Contributions.

36. His delegation endorsed the view of the Committee on Contributions that the base period should be a multiple of the scale period. He did not favour an annual revision of the scale, other than in the circumstance referred to in paragraph 35 of the report. Perhaps consideration could be given to gradual implementation of any change agreed in the base period. His delegation endorsed the view of the Committee on Contributions on conversion rates and welcomed the willingness of that Committee to keep under review the question of criteria for the replacement of market exchange rates as a conversion factor for the scale.

37. His delegation could not agree to elimination of the debt-burden adjustment; before a final decision was taken, the Committee on Contributions should submit a report on all aspects of the procedure outlined in paragraph 41 of its report.

38. The low per capita income adjustment was a fundamental element of the scale methodology, recognized as such by the General Assembly. Nevertheless, it was apparent from the report of the Committee on Contributions that divergent views had been expressed regarding the formula currently used to calculate that adjustment. In the absence of information on the effect on assessments of the various alternative relief factors proposed, his delegation would await the results of further work by the Committee on Contributions.

39. He welcomed the recommendation on the floor assessment. His delegation considered the current ceiling to be a distortion of the principle of capacity to pay, and did not accept the demand that the ceiling should be reduced to 20 per cent.

40. With respect to the scale for peacekeeping operations, his delegation rejected unilateral decisions to change rates of assessment. The General Assembly, since the adoption of its resolution 1874 (S-IV) of 27 June 1963, had adopted a number of principles governing peacekeeping expenditures: collective responsibility of Member States; utilization of a different funding procedure to that applied to the regular budget; special responsibility of permanent members of the Security Council; and greater capacity to pay of developed countries. His delegation hoped that those principles would be maintained in any revision of the scale for peacekeeping operations.

41. Mr. KORTEQUEE (Sierra Leone) noted that not all members of the Committee on Contributions had agreed on the elements to be taken into account in the scale methodology, and that the views of delegations diverged. His delegation associated itself with the position of the Group of 77 and China. In particular, the current financial crisis had arisen not because some of the major contributors in arrears lacked capacity to pay, but because they believed that they were contributing more than their fair share; by withholding their contributions they hoped to force other Member States to resolve the matter quickly. That approach constituted a dangerous precedent, and the Member States in question should use normal channels of communication to address their concerns. A number of countries which, during the debate, had complained over the level of their assessments had been advised to exercise patience pending revision of the current scale methodology. In the general interest, some of those countries had accordingly honoured their obligations. He trusted that

Member States which had the capacity to pay but which had accumulated arrears would follow that example.

42. Capacity to pay was recognized by all as the fundamental principle on which the scale methodology must be based. Nevertheless, views differed on the elements to be utilized in determining it. In that regard his delegation endorsed the observations and recommendations formulated by the Committee on Contributions in its report. Debt-burden adjustment must be retained, since many developing countries were overburdened as a result of the drastic fall in official development assistance. He supported the shift to gross national product as a basis for the calculation of assessments. His delegation was not averse to the use of a shorter base period, and could accept the recommendation that the scale should be carried to three decimal places.

43. Mr. Alom (Bangladesh), Vice-Chairman, took the Chair.

44. Mr. DEIR (Myanmar) supported the statement made on behalf of the Group of 77 and China. He concurred with most of the recommendations of the Committee on Contributions and agreed that the scale methodology should not only be stable but should also be complemented by a measure of flexibility in order to reflect the real situations of Member States and their capacity to pay. Although the objective of the General Assembly was to achieve a more simple and transparent scale methodology, the differences between countries with large economies and small States imposed certain constraints. His delegation was of the view that a longer base period would be more conducive to the stability of the scale of assessments. It was also in favour of a general revision of the scale, provided that special consideration was given to those States which had experienced changes in their relative capacity to pay. Debt-burden adjustment should constitute a major element of the scale methodology and he welcomed the proposal to lower the current floor of 0.01 per cent to 0.001 per cent in order to grant relief to small Member States. In that connection, the Committee on Contributions had rightly recalled that, in its resolution 48/223 B, the General Assembly had decided that individual rates for the least developed countries should not exceed 0.01 per cent. Finally, he wished to reiterate that the principle of capacity to pay remained the most reasonable and appropriate yardstick for determining the scale of assessments.

45. Mr. FAVITSOU-BOULANDI (Chad) said that for many different reasons, including his country's status as a developing country, the lack of diversification of its economy and its small tax base, Chad was experiencing practically insurmountable financial problems which made it difficult for the country to honour its obligations to the United Nations. As modest as it might seem, its assessed contribution constituted an enormous burden and the country had therefore fallen significantly behind in its payments. Nevertheless, it had recently managed to bring its arrears down to an acceptable level and was determined to reduce it gradually as circumstances permitted.

46. As a member of the Group of 77, Chad supported the recommendations made by the Committee on Contributions, including the recommendation that capacity to pay should be retained as the fundamental criterion for the apportionment of the expenses of the Organization and that gross national product should be used to measure income. A base period of three or six years would seem appropriate,

since it would permit greater account to be taken of changes in national income. Market exchange rates were the most accurate reflection of the value of currencies, even though speculation sometimes caused some distortions. The assessment rates of States should be proportionate to their share of total world income, since the establishment of a floor rate was inconsistent with the principle of capacity to pay. It went without saying that a country's debt burden should also be taken into consideration in determining its rate of assessment, even for countries like Chad, which the international financial institutions considered as having a relatively light debt burden.

47. Mr. ETUKET (Chairman of the Committee on Contributions) said that the statements by delegations under agenda item 119 had once again emphasized how important it was for Member States to fulfil their financial obligations to the Organization, reaffirmed the fundamental importance of the criterion of capacity to pay, and contained proposals on the adjustments which could be made to the scale methodology and the elements which it could include.

48. Most of the delegations participating in the debate were of the view that the floor rate should be lowered and another decimal place added to the scale. Views varied on the length of the base period, but many delegations expressed support for a multiple of the scale period. Different views had been expressed on whether the debt-burden adjustment should be retained, but delegations had been receptive to the practical changes which the Committee had proposed in the event that it was retained. Several delegations had expressed support for the use of market exchange rates and, where that was not practical, of price-adjusted rates of exchange. Various views had been expressed concerning the use of gross national product to measure income, low per capita income adjustment, the ceiling rate and the phasing out of the scheme of limits. No objection had been expressed to the recommendation that the Comoros should be exempted from the application of Article 19 of the Charter.

49. Comments had also been made on the availability, verifiability and comparability of data. The Committee intended to keep under review those and other problems associated with the change from the 1968 to the 1993 version of the system of national accounts, the practical constraints on the use of market exchange rates, the criteria for the adoption of other rates, the discontinuity faced by Member States whose per capita incomes rose, between scales, through the threshold levels and the procedural aspects of consideration of requests from States for exemption from the application of Article 19 of the Charter.

50. The General Assembly might wish to address other issues raised during the general debate, including the question of time schedules for the settlement of arrears, incentives and disincentives in respect of payment of future assessments, the arrangements and timetable to apply, if necessary, for implementation of a reformed scale methodology, and the scale of assessments for peacekeeping operations.

51. With regard to the concerns raised by Turkey with respect to the contents of paragraph 17 of the Committee's report, it was true that paragraph 2 of General Assembly resolution 48/223 B made no explicit reference to the scale of assessments for the period 1992-1994. However, since that scale had been the one in operation when the resolution was adopted, the Committee had concluded

that the Assembly had intended to refer to those Member States which had benefited from the application of the scheme of limits during the period 1992-1994 and not those which would benefit from it in the future. The General Assembly might wish to clarify its intentions in that regard.

52. Mr. SENGWE (Zimbabwe) resumed the Chair.

53. Mr. HANSON (Canada), speaking in exercise of the right of reply, said that some members had attributed to his delegation ambitions which it did not have and had described its proposal as radical. It would indeed be radical if the principle of a gradual phasing out had not yet been implemented and if per capita income was a new element of the scale methodology, which was not the case. Up to a few years previously, the threshold beyond which a State benefited from the low per capita income adjustment had been arbitrarily set. It would thenceforth be equivalent to the global average. However, while that average was only one of several statistical indicators, considerable importance was now being attached to it. Where it was lower than the world average, per capita income was considered to be an acceptable criterion for determining which countries should benefit from the allowance, but where it was higher than the world average, per capita income could not be used to determine the apportionment of the financial burden which the adjustment entailed. The problem was that the average world per capita income had ceased to be a benchmark and was now a threshold, an impermeable barrier; as such, it was just as open to question as the floor and ceiling rates. The purpose of the Canadian proposal was to return that indicator to its rightful place as a benchmark.

54. Ms. ARCHINI (Italy), speaking in exercise of the right of reply, said that a certain delegation had referred to an expression which had been used by the Permanent Representative of Italy in another United Nations body. While fully respecting the position taken by the delegation in question, she wished to point out, for purposes of clarification, that the analogy borrowed from the Permanent Representative had been used not in the context of the review of the scale methodology but in the context of the reform of the Security Council, an issue on which Italy had adopted a very firm position.

AGENDA ITEM 116: PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997 (continued)
(A/50/7/Add.16, A/51/7/Add.1; A/C.5/50/57 and Add.1)

55. Ms. INCERA (Costa Rica), speaking on behalf of the Group of 77 and China, said that, judging from the contents of the report (A/C.5/50/57/Add.1) and from the series of actions carried out by the Secretariat, several provisions of the General Assembly, including its resolution 50/214 on changes in programmes and activities and savings measures, appeared to be a dead letter. The document before the Committee did not provide the information requested on the budgetary and programmatic impact of the proposed changes, nor did it contain the grounds for their justification. The Secretary-General had suggested that those elements should be considered only in the context of his budget performance report, which prevented Member States from taking action. In that connection, the Group of 77 and China endorsed the views contained in paragraph 8 of the report of the Advisory Committee on Administrative and Budgetary Questions (A/51/7/Add.1). The report of the Secretary-General had not made it clear either how the postponement or cancellation of certain activities would affect

the Organization's ability to carry out the mandates entrusted to it by the intergovernmental bodies. Modifications had been carried out at the initiative of the Secretariat without regard to the mandates given to it by the governing bodies. According to the Advisory Committee, the proposed changes would cause delays in or the non-implementation of a number of priority programmes, whose status would have to be clarified in the programme budgets of future bienniums.

56. Taking into account those shortcomings, the Group of 77 and China joined the Advisory Committee in requesting the Secretariat to provide the following information: (a) the number of staff who had been transferred from regular budget posts to other types of posts in order to create vacancies; (b) the number of efficiency measures already implemented or to be implemented in the near future without the consent of the General Assembly; (c) the type and title of activities postponed, delayed, abolished or distributed, for partial implementation, among staff with no expertise; (d) how specifically the efficiency measures would mitigate the impact of the cuts, and the cost involved; (e) why efficiency reviews were aimed at cost-cutting alone, rather than long-term better performance by the Organization; (f) how the Secretary-General planned to finance new activities mandated by the General Assembly. Moreover, the Secretariat should prepare a chart indicating, section by section, which activities had been cancelled or postponed, whether the corresponding proposals had been made by intergovernmental bodies or the Secretary-General, and the impact of the cancellation or postponement of activities on the relevant subprogrammes. Such information was of key importance, since the reports of the Secretary-General and the Advisory Committee gave reason to believe that the proposed changes had not been analysed by the competent intergovernmental organs and had mostly been made by programme managers, who had taken no account of the interests and priorities of Member States.

57. The Secretary-General planned to achieve the savings called for essentially by raising the vacancy rate above the level approved in General Assembly resolution 50/214. It was a matter of great concern to the Group of 77 and China that the Secretary-General intended to maintain that vacancy rate for the entire biennium, terminating a number of contracts, including many permanent contracts. The action taken by the Secretary-General indicated clearly that he intended to abolish a number of Professional posts even though those posts had been approved by the General Assembly. It would be helpful if he prepared a conference room paper explaining why the functions corresponding to the posts to be eliminated were no longer indispensable, and showing the impact that their elimination would have on the implementation of programmes and activities.

58. The Professional vacancy rate had risen from 6.9 per cent as at 31 December 1995 to 7 per cent as at 31 January 1996. Since the General Assembly had set a limit of 6.4 per cent, the Secretary-General was not required to maintain a higher vacancy rate. The higher vacancy rate had a negative impact on the implementation of mandated activities, and the Secretary-General should have provided clear criteria in his report for the initiation of personnel actions, especially with regard to involuntary separations, whose harmful effect might well outweigh the potential budget savings. As the Advisory Committee had indicated in paragraph 28 of its report, staff regulation 9.1 should be clarified. Although that regulation established a linkage between the restructuring of programme activities and the abolition of

posts, the Secretary-General could not abolish a permanent post under the regular budget without the Assembly's prior approval. The Group of 77 and China sought clarification as to the extent of the Secretary-General's authority regarding changes in mandated programmes, and also regarding the accountability of senior officials; they would also like to request the Secretariat to make available information on the total number of posts that had been eliminated or had become vacant. In that connection, it was worth asking whether the corollary to the negotiation of the budget ought to be the renegotiation of the Charter, since the current practices resulted in the curtailment of development-related activities - as proved by the high vacancy rates at some regional commissions - and thus ran counter to the purpose of promoting international cooperation for development laid down in the Charter.

59. It was also of concern to the Group of 77 and China that some Professional staff were being replaced by consultants or individuals hired on short-term contracts, or by individuals seconded by their Governments, which might lead to a loss of the Organization's institutional memory and of its independence and universality. The Secretariat should provide detailed information on the number of consultants and individuals hired on short-term contracts to carry out basic United Nations functions, and should indicate their country of origin.

60. A study of the Advisory Committee's report prompted questions as to the logic of the Secretariat's personnel policy. One might ask how it was to be justified, for example, that in the midst of a hiring freeze, staff were being recruited at various levels and even being promoted without the General Assembly's approval. It was also contradictory that, while exceptions to the hiring freeze were being made, no action had been taken on filling the posts approved by the General Assembly as part of the negotiation of resolution 50/214. The Secretariat should make available to the General Assembly the following information: nationality, level and department of the individuals recruited during the hiring freeze; current status of the posts approved by the General Assembly as part of the negotiation of resolution 50/214; promotions not approved by the General Assembly, and justifications.

61. A reading of paragraph 13 of the report in document A/C.5/50/57/Add.1 indicated that the Secretary-General intended to finance additional activities by maintaining a much higher vacancy rate through the entire biennium than that agreed on by the General Assembly. The proposal in question contradicted the statements made by the Secretary-General at the time of the approval of the MICIVIH and MINUGUA missions, and ran counter to the spirit of resolutions 50/231 and 50/232, which envisaged the possibility of additional appropriations. The Group of 77 and China wished to request the Secretariat to justify that change of position, to explain how it intended to absorb an additional cost of $92 million in the context of a reduced budget, and to provide detailed information on the measures it intended to carry out to achieve the savings called for by resolution 50/214, as well as on measures to absorb unforeseen or extraordinary costs.

62. In view of the foregoing, the Group of 77 and China believed that the General Assembly was not in a position to take action on the revised appropriations at the current time; in that context, they endorsed paragraphs 37 and 38 of the Advisory Committee's report. Furthermore, they trusted that there

would be no involuntary terminations without the Secretary-General having first provided the information requested.

63. Miss MONTAÑO (Bolivia), Coordinator of the Rio Group, speaking on behalf of Argentina, Brazil, Chile, Colombia, Costa Rica (representing Central America), Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela, endorsed the statement made on behalf of the Group of 77 and China. In resolution 50/230, the General Assembly had requested the Secretary-General to present his next report on the programme budget in the normal budgetary format and in sufficient detail to enable it to take action in accordance with its resolution 50/214. However, even though document A/C.5/50/57/Add.1 represented an improvement, it still did not contain sufficient detail, was imprecise and lacked coherence. At some points, it seemed to be posing questions instead of answering them. Although the Advisory Committee had drawn attention to some of the shortcomings in question, the Secretariat had regrettably not provided that Committee in a timely manner with all the information it had requested.

64. The Rio Group wished to reaffirm the importance it attached to the activities of the United Nations Conference on Trade and Development (UNCTAD) and of the regional commissions, and to express its concern at the proposed budget cuts in the programmes in question.

65. As indicated by the Advisory Committee, the higher vacancy rate was a key element of the current operation. When an organization that allocated 75 per cent of its resources to personnel expenditure had to achieve savings, it was to be expected that the staff would feel the direct impact. However, the posts that were to be left vacant must be examined closely in order to ensure that the implementation of mandated programmes and activities did not suffer as a result. No clear explanation had been provided as to why an 11.8 per cent Professional vacancy rate should be maintained throughout the biennium. As the Advisory Committee had indicated, the Secretary-General should have included in his report a full explanation as to how he intended to use the vacancies to achieve savings and to make available the necessary resources for financing new activities; he should also have submitted the reports requested by the General Assembly in resolutions 50/231 and 50/232, which were to have contained proposals as to ways of meeting expenditure related to such activities.

66. The Secretary-General's report gave no clear indication of the extent to which intergovernmental bodies had examined their programmes of work or whether they had made decisions on termination, postponement or modification of approved programmes. That point should be clarified, and efforts should be made in future to ensure that there was no difficulty in determining legislative mandates.

67. The Organization's working methods must be brought up to date. As the Advisory Committee had noted, the primary purpose of the efficiency reviews should be geared more towards the efficient long-term operation of the Organization's activities, rather than to the short-term goal of cost-cutting, which would require investment in technology. The Rio Group thought it essential to improve the efficiency of administrative services and to strengthen substantive activities.

68. The Rio Group regretted that the Secretariat had given no indication of when and how deferred activities would be implemented. She endorsed the recommendations of the Advisory Committee, and recalled that the General Assembly alone was competent to take decisions on economy measures that might impact on the full implementation of mandated activities. The Secretariat should avoid taking such decisions without the approval of the Fifth Committee. In any event the Rio Group was not disposed to endorse faits accomplis.

69. Mr. TOYA (Japan) said that his delegation attached great importance to the effort to rationalize and strengthen the Organization and to cut costs. He noted with appreciation, from document A/C.5/50/57/Add.1, that the Secretariat had identified areas in which required levels of reduction could be achieved and that there were no indications at present that the budget was being overspent as a result of new activities.

70. Ongoing efforts to achieve savings would affect the post vacancy rate, given the proportion of the budget constituted by staff costs. That said, efforts should continue to find ways of lowering costs in non-post areas. A proper balance should also be maintained between posts in the Professional and higher categories and the General Service and related categories. A high vacancy rate for Professionals, 11.8 per cent as at the end of June, might impact negatively on implementation of mandated activities. His delegation stressed the need to respect the principle of equitable geographical distribution by improving the representation of unrepresented and under-represented Member States.

71. His delegation basically supported the recommendation of the Advisory Committee in paragraph 38 of document A/51/7/Add.1, but was of the view that the Fifth Committee should begin to review and prioritize existing programmes. In due course a scheme should be developed for the reinvestment in development programmes of the savings arising from improved cost-effectiveness.

72. Mr. SOEPRAPTO (Indonesia) associated his delegation with the views expressed by the representative of Costa Rica on behalf of the Group of 77 and China. The budgetary process set forth in General Assembly resolution 41/213 must be adhered to. His delegation had joined the consensus on General Assembly resolution 50/214 in the hope that the savings sought over the biennium 1996-1997 would not affect full implementation of mandated programmes and activities. However, his delegation was increasingly concerned that the severity of the financial cutbacks would adversely affect full implementation of certain programmes, especially in the field of international and regional cooperation for development. Moreover, as indicated in paragraph 6 of annex III to the Advisory Committee's report, implementation of the programme of work of the Economic and Social Commission for Asia and the Pacific (ESCAP) in priority areas was likely to suffer from the budget reductions. His delegation supported the view of ESCAP that activities of significant importance should be maintained, in particular those that could help developing countries to adjust to globalization and to implement the commitments agreed to at recent major United Nations conferences.

73. Any proposal to defer or cancel an approved activity must be based on a qualitative, not only quantitative, analysis by the competent intergovernmental

body. Member States would thus assume their responsibility to ensure that the delivery of all mandated activities was not jeopardized. His delegation noted with concern that the high rate of vacancies was likely to continue throughout the biennium.

74. In paragraph 11 of document A/C.5/50/57/Add.1, the Secretary-General indicated that efficiency gains would compensate in part for the effect of budgetary reductions. His delegation agreed with the Advisory Committee that the Secretary-General should have given more detailed information in that regard.

75. With respect to the question of new activities mandated by legislative organs, the Secretary-General should submit proposals on possible means of absorption, as requested by the General Assembly in its resolutions 50/231 and 50/232. With regard to the Advisory Committee's comments in paragraphs 35 and 36 of its report, he asked the Secretary-General to clarify how he intended to accommodate additional expenditure through increased vacancies. His delegation was prepared to consider the Advisory Committee's recommendation in paragraph 38 of its report (A/51/7/Add.1).

AGENDA ITEM 120: HUMAN RESOURCES MANAGEMENT (continued) (A/51/304, A/51/421 and A/51/475; A/C.5/49/63 and A/C.5/49/64; A/C.5/50/64; A/C.5/51/1, A/C.5/51/2, A/C.5/51/3, A/C.5/51/6 and A/C.5/51/7)

76. Mr. OBALIJORO (Rwanda) said that his delegation, having carefully considered the report entitled "Respect for the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations" (A/C.5/51/3), noted that paragraph 6 of the report suggested that the Rwandan Government had jailed innocent locally recruited United Nations staff, and that it had failed to cooperate with the Resident Coordinator and representatives of United Nations agencies in addressing the matter.

77. The drafters of the report were insensitive to the tragedy which had befallen the country in 1994 following the withdrawal of the United Nations Assistance Mission for Rwanda (UNAMIR), during which 1 million Rwandans had perished. Those victims included more than 70 Rwandans working for United Nations agencies. Many of them had been left to face certain death as the United Nations evacuated only international staff. A number of them had been killed by their own colleagues. During the consideration of the privileges and immunities of United Nations officials, the Secretariat might explain why UNAMIR had refused to come to the assistance of locally recruited staff, contrary to the provisions of the two Conventions recalled in paragraph 5 of the Secretary-General's report. The families of those victims were still waiting for compensation from United Nations agencies, and were still haunted by the question of whether the lives of externally recruited United Nations officials were more important than those of their locally recruited colleagues. Moreover, there had been no response to the request by the Government of Rwanda for legal counsel from the United Nations for its staff members awaiting trial.

78. The drafters of the report knew very well that before the tragedy Rwanda had not had any legislation on genocide and that classical criminal law could not be applied in the situation. They were also aware - and the experience of

the International Criminal Tribunal for Rwanda demonstrated - that it was complex and difficult to try someone for genocide. In addition, while the Rwandan Government and Parliament were legislating on genocide, many survivors had become targets of those who, having participated in the massacre, were still at large and were attempting to kill the witnesses.

79. Moreover, the drafters of the report, who visited Rwanda regularly, said nothing of the fact that all the institutions of government had been affected. They had also remained silent on the fact that notwithstanding its substantial budget, the International Criminal Tribunal had not been able to carry out even a single trial, and they pointed the finger at the Government rather than recognizing its efforts to restore a paralysed judicial system. The judiciary was gradually resuming activity, and the act on genocide had been promulgated on 31 August 1996. The Government expressed its appreciation to all those who had assisted in that endeavour - friendly countries, non-governmental organizations and individuals, as well as some United Nations agencies, in particular the United Nations Development Programme.

80. The Government would do everything possible to expedite the trials, not only of detained Rwandan United Nations staff, but of others still awaiting trial. He requested the United Nations to expedite claims for compensation from survivors of the genocide which had been submitted to the Secretariat, and hoped that a prompt response would be received to the comfort of those concerned.

81. Ms. LATERZA (Paraguay) said that her delegation supported the position taken by the Group of 77 and China on agenda item 120. She wished once again to express her regret that the developing countries were the ones hardest hit by the financial crisis and was surprised that Paraguay was not among the under-represented Member States listed in paragraph 15 of document A/51/421. The desirable range for Paraguay was from 2 to 14, with a mid-point of 6. As at 30 June 1996, there were only two Paraguayan nationals in the Secretariat, one of whom had been appointed on a two-year fixed-term contract which could be extended for an additional year. Not a single woman of Paraguayan nationality was employed by the Secretariat.

82. On the other hand, the number of nationals from certain countries was double and sometimes triple what it should be. Honouring the financial obligations which each Member State had towards the Organization was certainly not the criterion used for granting such a privilege, since only 11 countries had paid their contributions in full and Paraguay was included in that small group.

83. Mr. PARK Soo Gil (Republic of Korea) expressed satisfaction with the start made by the Secretariat on the implementation of the human resources management system approved by the General Assembly, but noted that progress had been slow. The Secretary-General's programme to achieve staff reductions deserved support in that it sought to preserve organizational viability and performance with minimum negative impact on the international civil service and the legitimate career expectations of staff. Nevertheless, involuntary separations should be implemented with the utmost discretion.

84. A number of important initiatives had been taken, including the introduction of a system of performance management designed to monitor performance, streamlining of the system for filling vacancies in all duty stations, introduction of human resources planning systems and support for career development.

85. The Republic of Korea was particularly interested in the programme of development for junior Professionals which should begin in 1997, since it would permit the Organization to attract a higher calibre of young Professionals. Better mobility and promotion to the P-3 level within a reasonable and set period of time should be put into practice as ways to enhance the career development of junior Professionals recruited through competitive examinations. The statistics on the representation of women were encouraging, but more efforts were needed to implement the strategic plan of action for the improvement of the status of women in the Secretariat.

86. While his delegation supported the Secretary-General's objectives of decentralization and delegation of authority, the Office of Human Resources Management should nevertheless continue to exercise overall control over the use of human resources.

87. The management culture of the Organization could not be expected to change from one day to the next. The lack of support for the implementation of the performance appraisal system was one example of the difficulties that had been encountered in the implementation of the Secretary-General's strategy. Mention should also be made of budgetary constraints and slashes in personnel, coupled with ongoing staff-management suspicion and the complications arising from the multinational character of the Organization.

88. Turning to the report on the composition of the Secretariat (A/51/421), his delegation believed that the notable efforts made so far should be continued in order to ensure greater respect for the principle of equitable geographic distribution. Despite the current budgetary constraints, national competitive examinations should remain the primary recruitment tool for Professionals at the P-2 and P-3 levels. In organizing such examinations, priority should be given to those Member States which were unrepresented, under-represented or below the mid-point of the desirable range. Candidates from those countries should also be duly considered for appointments at the P-4 level and above. Given the importance of preparing for the future, the number of P-2 and P-3 posts should be increased rather than frozen. Candidates on the roster should be offered a position within a one year time-frame and appointed to vacant P-2 posts instead of encumbering those posts through short-term recruitment.

89. His delegation endorsed, in principle, the Secretary-General's proposals contained in document A/C.5/50/2 on reform of the internal system of justice, but believed that the matter should be approached with discretion, in view of the legal and financial implications of the proposals. It supported the recommendation concerning the employment of retirees which the Advisory Committee had made in paragraph 6 of its report (A/51/475). It was disturbed by the statistics contained in document A/C.5/51/3 on staff members who had lost their lives in the performance of their duties and on those who had been arrested or detained or were missing. The Republic of Korea intended to shortly

sign the Convention on the Safety of United Nations and Associated Personnel and called upon those States which had not yet signed it to do so. The backbone of any successful organization was a qualified and dedicated staff. It was therefore necessary to create a favourable work environment which would encourage all staff to reach their maximum potential.

90. Mr. FA ITSOU BOULANDI (Chad) expressed satisfaction at the steps taken to mitigate the negative impact of budget cuts on staff. He also welcomed the ongoing training activities and the fact that the Secretary-General was endeavouring to assign the Organization's Professional staff to posts from which their contributions would be maximized.

91. The practice of communicating vacancy notices to Member States through regular channels should be continued, taking into account the forwarding time, since all States were not yet equipped to receive them by electronic means. The global network of sources and contacts for recruitment purposes should be open to all Member States and not just to a few. Likewise, non-remunerated internships should be open to students from the universities of all Member States and United Nations regional offices should facilitate such programmes. The recruitment and ongoing training of young people should also be encouraged in order to develop a core of competent managers with experience in the working methods of the Organization.

92. The current system for determining whether a Member State was adequately represented penalized countries like Chad which were at the lowest point of the desirable range. It was necessary to either reduce the ranges or to determine, within each range, the point which corresponded to an adequate level of representation.

93. The delegation of Chad noted that there was a contradiction between the declared freeze on recruitment and the reality of continuing recruitment. In his report on human resources management (para. 46), the Secretary-General candidly acknowledged that the selection of candidates was sometimes biased. He hoped that the corrective measures which had been announced would be speedily implemented so that posts would not be filled before the vacancy notices had been advertised and that the candidates selected would be those who were best qualified and not only those who were best known to programme managers.

The meeting rose at 1.10 p.m.